

Message Text

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71

ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

OMB-01 MBFR-03 EB-11 LAB-06 SIL-01 RSR-01 /115 W
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R 111650 Z APR 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4431

INFO USMISSION BERLIN

USMISSION EC BRUSSELS

AMCONSUL BREMEN

AMCONSUL HAMBURG

AMCONSUL DUESSELDORF

AMCONSUL FRANKFURT

AMCONSUL STUTTGART

AMCONSUL MUNICH

USMISSION OECD PARIS

TREASURY DEPT WASHDC UNN

USDOC WASHDC UNN

UNCLAS SECTION 1 OF 2 BONN 5341

DEPARTMENT PASS WHITE HOUSE CEA

E. O. 11652: N/ A

TAGS: ELAB/ GW

SUBJECT: PRINTERS' STRIKE SETTLED ON BASIS OF 10.8 PERCENT
PAY BOOST

REF: BONN 5239, APRIL 10, 1973

1. SUMMARY. THE DGB PRINTING AND PAPER WORKERS UNION (IG DRUCK
UND PAPIER) HAS CALLED OFF THE NATION- WIDE STRIKE AGAINST NEWS-
PAPERS FOLLOWING A SETTLEMENT OBTAINED IN MUNICH IN THE EARLY
MORNING OF APRIL 11 UNDER THE CHAIRMANSHIP OF THE JOINT MEDIATOR,
BERLIN LAND LABOR COURT PRESIDENT DR. KEMTER, PROVIDING FOR A
10.8 PERCENT WAGE INCREASE AND ADDITIONAL ADJUSTMENTS FOR THE
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LOWER WAGE BRACKETS. THE NEW AGREEMENT IS EXPECTED TO BE RATIFIED BY THE ORGANIZED PRINTING WORKERS IN A REFERENDUM SCHEDULED FOR APRIL 16. AS ANTICIPATED REFTEL, THE SETTLEMENT MARKS A MAJOR BREAKTHROUGH OF THE 8.5 PERCENT PATTERN NEGOTIATED BY OTHER UNIONS EARLIER THIS YEAR. IT IS LIKELY TO AFFECT PENDING WAGE NEGOTIATIONS AND SETTLEMENTS FOR ANOTHER 1.5 MILLION BLUE AND WHITE- COLLAR WORKERS IN THE CHEMICAL, TEXTILE AND CLOTHING INDUSTRIES AND MAY THUS TEND TO FORCE UP THE ALREADY HIGH RATE OF INFLATION. END SUMMARY.

2. THE NATION- WIDE WAGE AGREEMENT CONCLUDED APRIL 11 COVERING SOME 180,000 BLUE- COLLAR WORKERS IN THE PRINTING INDUSTRY PROVIDES FOR A 10.8 PERCENT WAGE INCREASE AND A RESTRUCTING OF PAY SCALES IN FAVOR OF THE LOWER WAGE BRACKETS RESULTING IN PAY INCREASES OF 17.1 PERCENT, 13.5 AND 13.6 PERCENT FOR THE THREE LOWEST GROUPS. THE RANK AND FILE MAY BE EXPECTED TO APPROVE THIS AGREEMENT IN A REFERENDUM APRIL 16, SINCE THE UNION CONSTITUTION REQUIRES APPROVAL BY 25 PERCENT OF THE ELIGIBLE MEMBERS. FULL OPERATION IN THE PRINTING INDUSTRY WAS EXPECTED TO RESUME APRIL 11.

3. THE EFFECT OF THE UNION STRIKE ACTION SEEMS TO HAVE BEEN DIFFERENT IN VARIOUS PARTS OF THE FRG. MOST DAILY NEWSPAPERS DID NOT APPEAR APRIL 10, BUT APPEARED WITH A LIMITED VOLUME ON APRIL 11. TO COUNTER UNION- SPONSORED SIT- DOWN STRIKES, SOME PRINTING ESTABLISHMENTS, PARTICULARLY IN MUNICH, LOCKED OUT THEIR BLUE- COLLAR PERSONNEL. NEWS AGENCY REPORTS INDICATED THAT THE INSTRUCTIONS OF THE UNION' S NATIONAL STRIKE COMMITTEE HAD NOT BEEN FOLLOWED EVERYWHERE. IRONICALLY, THE ONLY DAILY AVAILABLE TO THE SPD LEADERSHIP AT THE OPENING OF ITS CONVENTION IN HANNOVER ON APRIL 10 WAS SPINGER' S CONSERVATIVE DAILY DIE WELT.

4. AS MIGHT BE EXPECTED, LABOR AND MANAGEMENT VIEW THE SETTLEMENT DIFFERENTLY. WHILE PRINTER UNION PRESIDENT LEONHARD MAHLEIN LABELED THE AGREEMENT AS " JUSTIFIABLE UNDER THE PRESENT ECONOMIC SITUATION," THE SPOKESMAN FOR THE NATIONAL EMPLOYERS' ASSOCIATION OF THE PRINTING INDUSTRY, GEROLD MACK, INDICATED THE AGREEMENT WAS INFLATIONARY AND THAT THE EMPLOYERS HAVE ONLY GRUDGINGLY APPROVED IT. TOTAL WAGE COSTS IN THIS INDUSTRY ARE EXPECTED TO RISE DM 38 MILLION FOR EACH 1 PERCENT OF THE WAGE INCREASE, ACCORDING TO MANAGEMENT ESTIMATES.

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R 111650 Z APR 73

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TO SECSTATE WASHDC 4432

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AMCONSUL BREMEN

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DEPARTMENT PASS WHITE HOUSE CEA

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5. THE AGREEMENT REPRESENTS A GENUINE BREAKTHROUGH OF THE 8.5 PERCENT PATTERN NEGOTIATED EARLY THIS YEAR IN THE STEEL AND METAL INDUSTRIES, WHICH WAS ONLY marginally SURPASSED BY MORE RECENT SETTLEMENTS IN CONSTRUCTION AND PRIVATE BANKING. IT IS LIKELY TO AFFECT WAGE NEGOTIATIONS WHICH ARE UNDERWAY IN THE CHEMICAL INDUSTRY, AND THOSE PENDING IN THE TEXTILE AND CLOTHING INDUSTRY, WHICH TOGETHER INCLUDE MORE THAN 1.5 MILLION BLUE AND WHITE- COLLAR WORKERS. IN ADDITION, THE PRINTING INDUSTRY SETTLEMENT WILL TEND TO GENERATE LABOR UNREST IN THOSE INDUSTRIES WHICH SETTLED ON THE BASIS OF 8.5 PERCENT, E. G. STEEL AND METAL INDUSTRIES, GOVERNMENT ADMINISTRATION, AND PUBLIC UTILITIES. ALREADY THE INCREASE IN UNCLASSIFIED

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TAKE HOME PAY, NEGOTIATED EARLY THIS YEAR FOR THESE SECTORS, HAS BEEN NEARLY NULLIFIED BY THE ANNUAL RATE OF INFLATION FOR THE AVERAGE WORKER HOUSEHOLD (4 PERSONS) WHICH HAS NOW GONE UP AS HIGH AS 7.2 PERCENT (MARCH 1973 OVER MARCH 1972) AND BY PROGRESSIVE INCOME TAX RATES AND HIGHER SOCIAL SECURITY CONTRIBUTIONS.

WHILE THE UNIONS IN THESE SECTORS ARE BOUND BY COLLECTIVE AGREEMENTS WHICH DO NOT PERMIT TERMINATION BEFORE THE END OF THIS YEAR, IT IS LIKELY THAT THE UNION LEADERSHIP WILL PRESS MANAGEMENT TO NEGOTIATE NEW AGREEMENTS AS PRESSURE FROM THE MEMBERSHIP MOUNTS.

6. AT THE TURN OF THE YEAR, WHEN WAGE SETTLEMENTS WERE AVERAGING AROUND AN 8.5 PERCENT INCREASE, UNIT LABOR COSTS IN THE MANUFACTURING INDUSTRY WERE INCREASING AT A 7.8 PERCENT SEASONALLY ADJUSTED ANNUAL RATE. IF COSTS CONTINUE TO MOUNT VIA ACCELERATING WAGE RATE SETTLEMENTS-- AND WITH EFFECTIVE WAGES TENDING TO EXCEED CONTRACTUAL WAGES DUE TO SHORTAGES ON THE LABOR MARKET-- THIS RATE WILL CERTAINLY ACCELERATE AND A STRONG COST- PUSH ON PRICES CAN BE EXPECTED. THIS PRESSURE WILL ADD TO THE ALREADY INCREASING PRESSURE FROM DEMAND- PULL AS TOTAL DEMAND CONTINUES TO GROW RAPIDLY. THE COST- OF- LIVING INDEX (FOR ALL PRIVATE HOUSEHOLDS) IN MARCH WAS 6.9 PERCENT ABOVE MARCH OF 1972, A NEW RECORD FOR THE POST- KOREAN WAR GERMAN ECONOMY. THUS THE PRINTING INDUSTRY SETTLEMENT IS ANOTHER STRAW ON THE BACK OF THE GOVERNMENT' S DESIRE TO HOLD INFLATION IN CONSUMER PRICES TO BELOW 6 PERCENT IN 1973.
HILLENBRAND

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